



Foreign Agricultural Service

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## **European Union**

## **Agricultural Situation**

## **This Week in European Agriculture**

## **2002**

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### **Report Highlights:**

Enlargement\*Mid-Term Review\*Dairy Reform\*Organics\*Wine Labeling\*New  
Collagen Rule\*Biotech\*What's New on USEU Web Site\*What's New on DG-SANCO  
Website\*

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2], E2

This is the first This Week in European Union Agriculture. It is a weekly review of European Union policies and developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from European press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of European developments in agriculture. In no way do the views and opinions of these sources reflect the point of view or official policy of USDA, the U.S. Mission to the EU or any other U.S. Government agency's point of view or official policy.

**EU-15 REACHES AGREEMENT ON ENLARGEMENT:** European heads of government reached agreement at the EU summit on a formula for enlarging the EU to encompass 10 new member states beginning in 2004. The deal, was based on a Franco-German bilateral deal to set the ceiling on farm spending (excluding rural development) at 2006 levels and agreed to phasing-in of direct agricultural payments to new member states to begin in 2004. The heads of government agreed that between 2007 and 2013, the overall ceiling for the Common Agricultural Policy (CAP) market support expenditure (first pillar) will be no more than one percent increase per annum of the 2006 level. This means that the budget for market support measures for the EU-25 will be just over 45 billion euros in 2006 and total around 48.6 billion by 2013. However, the rural development (pillar two) budget is not capped, offering the possibility of significant expansion.

In return for no cut in the budget, the 15 member states agreed that direct support payments for the new members will be phased in over 10 years at the rate originally proposed by the Commission. The phase-in of direct payments to candidate countries will start at 25 percent in 2004, moving to 30 percent in 2005 then 35 percent in 2006. Thereafter, direct aids would rise to 100 percent of the EU level over the next seven years.

**EU AG COMMISSIONER CHANGES MIND ON IMPACT OF SUMMIT DEAL** Last week, Franz Fischler, European Commissioner for Agriculture, Rural Development and Fisheries, said that last month's agreement to limit CAP marketing spending would delay implementation of the mid-term review (MTR). However, this week he stated the while the deal will delay the application of "modulation" - shifting funding currently seen for CAP direct aids into Rural Development spending - until 2007, there is no reason why there should not be a session on the modalities within next year's MTR. In an address to the European Parliament early this week, Fischler suggested that the Summit decisions will do little to change the content of the MTR proposal - again emphasizing the need for certain market revisions (notably for rye) but also the need to decouple aid payments (in order to respect the EU's Doha commitments). However in this week's Special Committee on Agriculture (SCA), most member states rejected the idea to bring forward the Agenda 2000 reforms from 2005 to 2004/5 - Only the Netherlands, UK, Italy, Sweden and Denmark supported such move.

**NEW EU ORGANIC RULE** Commission Regulation 1788/2001 requiring the use of the EU certificate of inspection for organic products imported from third countries enters into force on November 1, 2002. An original certificate must accompany each shipment and will be verified at the border by the member state authorities to make sure that a valid import authorization has been issued for the consignment. There is a potential for problems with U.S. products at the border because member states have several options for implementing the regulation and so far it is unclear how the checking will be done and how long it will take. An amendment (Commission Regulation 1918/2002) to the regulation was published on October 26 but is not substantive. More on [www.useu.be/agri/organic.html](http://www.useu.be/agri/organic.html)

**WINE LABELING REGULATION POSTPONED** On November 5, 2002 the EU Wine Management Committee voted to postpone the implementation of Commission Regulation 753/2002 on wine labeling until August 1, 2003. The regulation was originally scheduled to go into effect on January 1, 2003, but has been strongly criticized by EU trading partners. Specifically, the regulation prohibits or requires strict regulation of the use of common terms on imported wine labels. The US and 10 other WTO members raised concerns about the new regulation through formal comments under the WTO TBT Agreement and in informal consultations with the EU in Geneva. In order for the postponement to be official, the European Commission must adopt an amendment which must then be published in the EU's Official Journal. This process is expected to take two to three weeks.

For further information about the EU's wine regime, see GAIN report E21111.

For the full text of Regulation 753/2002 see

[http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l\\_118/l\\_11820020504en0\\_0010054.pdf](http://europa.eu.int/eur-lex/pri/en/oj/dat/2002/l_118/l_11820020504en0_0010054.pdf)

**EU VOTE ON COLLAGEN DECISION** On July 25, 2002 the EU notified the WTO of changes to the specific health conditions for domestic production and imports of collagen intended for human consumption. The major changes to the existing measures are: (1) raw materials, ruminant bones are excluded; (2) the manufacture of collagen is different from that used for the manufacture of gelatine; and (3) only preservatives permitted under Community legislation may be used. The Standing Committee on the Food Chain is set to vote on this decision on November 19, 2002. If passed it will be implemented starting January 30, 2003.

**BIOTECH UPDATE** - The proposal on Food and Feed legislation regulating biotech products is scheduled to be brought to a vote for a common position at the November 28 Agriculture Council. The Danish Presidency had hoped to bring it to a vote in the October Council but member states could not agree on the following: 1) the threshold for the presence of unapproved varieties of GMO's in food and feed, 2) the question of a centralized or national authorization procedure and 3) the scope of the legislation and minimum threshold for labeling. The Presidency hopes to reach a compromise by the end of the month. The Traceability and Labeling legislation is scheduled to go before the Environment Council in mid-December.

## **UPCOMING MEETINGS OF INTEREST**

### **JOINT MANAGEMENT MEETING OF THE VETERINARY EQUIVALENCY**

**AGREEMENT** - U.S. and EU officials will meet in Washington on November 12-13 to discuss

progress on the implementation of the U.S.-EU Veterinary Equivalency Agreement. The Agreement, signed in August 1999 aims at implementing the goals of equivalency as outlined in Article 4 of the SPS agreement.

ANIMAL BY-PRODUCTS MEETING - The EU's Health and Consumer Protection Directorate-General (DG-SANCO) will hold a meeting on November 13 in Brussels to discuss the scope of the Animal By-Product Regulation (EC 1774/2002) and how it may affect third countries. On October 3 the EU adopted the regulation which will require animal by-products not intended for human consumption, including blood products, hides and petfood, be derived from the carcasses of animals passed as fit for human consumption. The legislation will be implemented on May 1, 2003. The regulation will have immediate affect on U.S. exports of petfood and yellow grease.

**VISIT OUR WEBSITE:** The FAS/USEU website is updated daily. Also you can sign up to receive the monthly "What's New". To view the website, log onto [www.useu.be/agri/usda.html](http://www.useu.be/agri/usda.html).

### **WHAT'S NEW ON THE USEU AGRICULTURAL WEBSITE**

ORGANIZATIONAL CHART (update)  
[www.useu.be/agri/organigram.pdf](http://www.useu.be/agri/organigram.pdf)

#### CURRENT ISSUES:

- Animal by-products (update)  
[www.useu.be/agr/by-products.html](http://www.useu.be/agr/by-products.html)

#### USEU REPORTS:

- Poultry Report  
[www.useu.be/agri/poultry.html](http://www.useu.be/agri/poultry.html)

- Sugar Report  
[www.useu.be/agri/sugar.html](http://www.useu.be/agri/sugar.html)

- Future EU Import Regulations  
[www.useu.be/agri/commod.html](http://www.useu.be/agri/commod.html) & [www.useu.be/agri/fairs.html](http://www.useu.be/agri/fairs.html)

- EU Adjusts Barley Import Duty Calculation [www.useu.be/agri/grain.html](http://www.useu.be/agri/grain.html)

#### EXPORTER ASSISTANCE:

- Organic Foods (update)  
[www.useu.be/agri/organic.html](http://www.useu.be/agri/organic.html)

- Exporter Guides (updated reports: Italy, Denmark, Greece, Netherlands, Belgium, Austria & Central Europe, Poland, Hungary, Estonia)

**[www.useu.be/agri/fairs.html](http://www.useu.be/agri/fairs.html)**

- Seafood (updated reports: Germany, Netherlands, Portugal, United Kingdom, France, Spain)  
[www.useu.be/agri/seafood2.html](http://www.useu.be/agri/seafood2.html)

- link to 2003 EU Tariff Schedule

**[www.useu.be/agri/import.html](http://www.useu.be/agri/import.html)**

- High Quality Beef Quotas (update)

**[www.useu.be/agri/beefquotas.html](http://www.useu.be/agri/beefquotas.html)**

**EU MEASURES NOTIFIED TO THE WTO:**

- WTO Notifications (update)

**[www.useu.be/agri/WTONotif.html](http://www.useu.be/agri/WTONotif.html)**

**WHAT'S NEW ON THE DG-SANCO (DIRECTORATE FOR HEALTH AND CONSUMER PROTECTION) WEBSITE:**

Standing Committee on Agricultural, Horticultural and Forestry Seeds and Plants

- Short report of the meeting held on 11 October 2002

**[http://europa.eu.int/comm/food/fs/rc/scsp/rap34\\_en.pdf](http://europa.eu.int/comm/food/fs/rc/scsp/rap34_en.pdf)**

International Food Safety Issues

- Codex Alimentarius : CCGP - Codex Committee on General Principles (updated)

**[http://europa.eu.int/comm/food/fs/ifsi/eupositions/ccgp/ccgp\\_index\\_en.html](http://europa.eu.int/comm/food/fs/ifsi/eupositions/ccgp/ccgp_index_en.html)**

- Codex Alimentarius : CCFICS - Codex Committee on Food Import and Export Certification and Inspection (updated)

**[http://europa.eu.int/comm/food/fs/ifsi/eupositions/ccfics\\_index\\_en.html](http://europa.eu.int/comm/food/fs/ifsi/eupositions/ccfics_index_en.html)**